

RAPPAHANNOCK RIVER BASIN COMMISSION

**REPORT ON AUDIT
FOR THE FOR THE PERIOD JULY 1, 2001
THROUGH JUNE 30, 2004**



AUDIT SUMMARY

Our audit of the Rappahannock River Basin Commission for the period July 1, 2001 through June 30, 2004, found:

- revenues and expenses are properly reported in the Commonwealth Accounting and Reporting System;
- compliance with significant laws and regulations; and,
- management has established and maintained internal controls over the revenues and expenditures tested.

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AGENCY HIGHLIGHTS

The Rappahannock River Basin Commission's purpose and mission is to provide guidance for the stewardship and enhancement of the water quality and natural resources of the Rappahannock River Basin. The Commission serves as a forum in which the state, 15 local governments (the City of Fredericksburg and the counties of Caroline, Culpeper, Essex, Fauquier, King George, Lancaster, Madison, Middlesex, Orange, Rappahannock, Richmond, Spotsylvania, Stafford, and Westmoreland), and citizens of the Commonwealth can discuss issues affecting the Basin's water quality and quantity and other natural resources.

The Commission received its funding from State Appropriations in fiscal 2002 and 2003, contributions from 14 localities, private donations, and grants. However, no State Appropriations were provided in fiscal 2004. The following shows the financial activities of the Commission for fiscal years 2002 through 2004:

	<u>Year Ended June 30, 2004</u>	<u>Year Ended June 30, 2003</u>	<u>Year Ended June 30, 2002</u>
Revenues:			
Appropriations	\$ -	\$ 10,000	\$ 30,000
Local contributions	14,250	14,000	13,750
Annual summit conference	-	1,926	3,960
Miscellaneous and private donations	<u>644</u>	<u>1,121</u>	<u>9,477</u>
Total revenue	<u>14,894</u>	<u>27,047</u>	<u>57,187</u>
Expenses:			
Salaries and benefits	26,180	11,658	38,919
Water supply study	-	-	12,957
Supplies, printing, and postage	404	20	2,728
Meetings	1,289	319	1,777
Conference	-	3,550	4,662
Travel	<u>82</u>	<u>128</u>	<u>316</u>
Total expenses	<u>27,955</u>	<u>15,675</u>	<u>61,359</u>
Revenues over (under) expenses	<u>\$ (13,061)</u>	<u>\$ 11,372</u>	<u>\$ (4,172)</u>
Cash balance, June 30	<u>\$ 15,828</u>	<u>\$ 28,889</u>	<u>\$ 17,517</u>

For the year ended June 30, 2002 the Commission received \$30,000 in State Appropriations from the Department of Conservation and Recreation as they had in prior fiscal years. Due to state budget reductions the Department of Conservation and Recreation reduced this amount to \$10,000 in fiscal 2003. For fiscal 2004, in lieu of cash funding, the Division of Legislative Services was authorized to provide support to the Commission in the form of reasonable staff and technical assistance.

In response to the budget reductions the Board reduced the staff time to prepare and follow-up on Commission meetings and reduced the preparation of newsletters, correspondence, and committee assistance. The Rappahannock Area Development Commission uses grant funds to augment staff time and to support the work of the River Basin Commission.



Commonwealth of Virginia

Walter J. Kucharski, Auditor

Auditor of Public Accounts

P.O. Box 1295

Richmond, Virginia 23218

April 19, 2005

The Honorable Mark R. Warner
Governor of Virginia
State Capital
Richmond, Virginia

The Honorable Lacey E. Putney
Chairman, Joint Legislative Audit
and Review Commission
General Assembly Building
Richmond, Virginia

We have completed an audit of the **Rappahannock River Basin Commission** for the period July 1, 2001 through June 30, 2004. We conducted our overall review in accordance with the standards for performance audits set forth in Government Auditing Standards, issued by the Comptroller General of the United States.

Objectives

Our objectives for the audit of the Commission were to determine that:

- revenues and expenditures are properly reported in the Commonwealth Accounting and Reporting System;
- compliance with significant laws and regulations; and,
- management has established and maintained internal controls over the revenues and expenditures tested.

Audit Scope and Methodology

Our audit procedures included inquiries of appropriate personnel, inspection of documents and records, and observation of the Commission's operations. We also tested transactions and performed such other auditing procedures as we considered necessary to achieve our objectives. We reviewed the overall internal accounting controls, including controls for administering compliance with applicable laws and regulations. Our review encompassed controls over the following significant cycles, classes of transactions, and account balances:

Cash
Revenues
Expenses, including grant award disbursements

We gained an understanding of the overall internal controls, automated and manual, sufficient to plan the audit. We considered control risk in determining the nature and extent of our audit procedures. We performed audit tests to determine whether the Commission's controls were adequate, had been placed in operation, and were being followed.

Management has responsibility for establishing and maintaining internal control and complying with applicable laws and regulations. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Our audit was more limited than would be necessary to provide assurance on internal control or to provide an opinion on overall compliance with laws, regulations, contracts, and grant agreements. Because of inherent limitations in internal control, errors, irregularities, or noncompliance may nevertheless occur and not be detected. Also, projecting the evaluation of internal control to future periods is subject to the risk that the controls may become inadequate because of changes in conditions or that the effectiveness of the design and operation of controls may deteriorate.

Audit Conclusions

We found that the Commission properly stated, in all material respects, the revenues and expenses recorded in the Commonwealth Accounting and Reporting System. We noted no matters involving internal control and its operation that we considered necessary to bring to management's attention.

The results of our tests of compliance with applicable laws and regulations disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended for the information and use of the Governor and General Assembly, management, and citizens of the Commonwealth of Virginia and is a public record.

Exit Conference

We discussed this letter with management at an exit conference held on May 25, 2005.

AUDITOR OF PUBLIC ACCOUNTS

KKH/whb

RAPPAHANNOCK RIVER BASIN COMMISSION
Fredericksburg, Virginia

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